



Preservation and Renovation of Affordable Housing

Governors Housing Conference

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Challenges in Rehabilitation Financing

- Confusing for first time homebuyers
- Additional costs of financing programs – costs estimates, inspections, additional lender fees
- Unanticipated costs and risks for buyers with limited funds

Challenges Continued

- Difficulty in locating qualified contractors
- Difficulty in coordinating contractors and improvements
- Limited qualified lenders with expertise in rehabilitation lending
- Time delays and costs overruns
- Purchase/ rehab products don't always provide affordable features borrower needs

Challenges Continued

Appraisal / Property Value Issues

- Costs of improvements do not always equate to increased value
- Specific requirements for Historic improvements often costly
- Comparable sales often slow to develop



VHDA Solutions

Develop Niche Products

Simplify Procedures

Partner with Local Professionals

VHDA Solutions

Designing Niche Products/ Improving Processes

- Create rehabilitation programs to meet special market needs
- Develop procedures and requirements to simplify the process

VHDA's Special Renovation and Rehabilitation Products

HUD Title One Home Improvement

Flex Alt Home Enhancer

Flex Alt Home Access

Flex Alt Purchase Rehab

SPARC – Single Family and Multi-Family

HUD Title One

Home Improvement Program

- Fixed Rate - up to 20 year term
- Serves low to moderate incomes – 120% area median
- Loan amounts \$1,000 - \$25,000
- Loan amount of <\$5,000 require no equity
- Flexible FHA Qualifying Guidelines
- Attractive to elderly and those on fixed incomes and homeowners needing to finance small projects

Flexible Alternative Home Enhancer

- Flexible qualifying
- 100% plus of purchase price or appraised value plus additional 5% for minor improvements
- Serves moderate incomes (120%-150%) area median
- Improvements for any purpose (including landscaping)
- Available for purchase or refinance transactions
- Quick simple process

Flexible Alternative Home Access

- Flexible qualifying
- Similar to Home Enhancer
- 100% of sales price or appraised value plus addition 10% for home improvements and handicapped accessibility modifications
- All work may be performed after closing

Flexible Alternative Purchase Rehabilitation Program

- Pilot program
- 100% less of sales price plus costs of improvements (or after rehab appraised value)
- Standard Flexible Alternative guidelines
- Rehab cost up to 50% of post rehab value
- Eligible Lenders: Those with experience and expertise with purchase/rehabilitation loans.
- Process similar to conventional programs

VHDA's SPARC

Single Family Program

Sponsoring Partnerships and Revitalizing
Communities

- Support local housing initiatives and revitalization efforts
- Interest rates ½% - 1% below VHDA standard program rates
- Assist low income purchasers of rehabilitated properties and other hard to serve populations
- Allocations made to local housing groups

VHDA's SPARC Multifamily Program

- Below market rate for small multi-family projects in revitalization areas
- Apply directly to VHDA – reduces costs of working with mortgage broker
- Higher loan to value – 90% after rehab value
- 110% Debt Service
- Small investors

VHDA Solutions

Partner with Local Professionals

- Support local housing agencies, non-profits and for profits who specialize in rehabilitation of homes
- Let the professionals do the work when ever possible
- Provide long term loan commitments to consumers to allow adequate time for improvements to be completed

VHDA Solutions

Partner with Local Professionals

- Allow borrower to choose the product which best suits borrowers long term needs
- Encourage local lenders to provide short term financing for purchase/rehab of property
- Homebuyer purchases turn key product

Participation in Special Housing Initiatives

- Support local revitalization efforts through outreach, partnerships and education
- City of Norfolk “Come Home to Norfolk” initiative
- Participation in local housing fairs and sponsorship of Housing Festival
- Provide information for local “Design Center”
- Education of potential borrowers

Future Potential Resources

- Homeownership Tax Credit

Covers gap between development costs and sales price to eligible low income buyers

- Appraisal Gap protection insurance

Insures borrower in negative equity position in revitalization markets